

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	659.64	0.00	5.35	664.99	0.00	45.60	705.24	705.24
Personal Services	24,534,708	2,862,004	382,967	27,779,679	2,868,171	2,786,133	30,189,012	57,968,691
Operating Expenses	15,249,372	1,532,006	149,575	16,930,953	1,532,709	690,036	17,472,117	34,403,070
Equipment	432,003	30,000	3,336	465,339	30,000	0	462,003	927,342
Capital Outlay	965	0	0	965	0	0	965	1,930
Grants	16,013,711	1,030,000	(140,000)	16,903,711	1,030,000	(140,000)	16,903,711	33,807,422
Benefits & Claims	258,597	0	0	258,597	0	0	258,597	517,194
Transfers	131,551	0	0	131,551	0	0	131,551	263,102
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$56,620,907</b>	<b>\$5,454,010</b>	<b>\$395,878</b>	<b>\$62,470,795</b>	<b>\$5,460,880</b>	<b>\$3,336,169</b>	<b>\$65,417,956</b>	<b>\$127,888,751</b>
General Fund	1,969,954	(38,535)	(751,419)	1,180,000	(40,682)	(732,807)	1,196,465	2,376,465
State/Other Special	22,630,948	3,127,791	347,222	26,105,961	3,155,911	768,888	26,555,747	52,661,708
Federal Special	31,976,879	2,339,924	799,834	35,116,637	2,320,926	3,299,028	37,596,833	72,713,470
Proprietary	43,126	24,830	241	68,197	24,725	1,060	68,911	137,108
<b>Total Funds</b>	<b>\$56,620,907</b>	<b>\$5,454,010</b>	<b>\$395,878</b>	<b>\$62,470,795</b>	<b>\$5,460,880</b>	<b>\$3,336,169</b>	<b>\$65,417,956</b>	<b>\$127,888,751</b>

### Agency Description

The Department of Labor and Industry has a number of functions. In part, the department:

- Oversees and regulates the Montana Workers' Compensation system
- Enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- Provides adjudicative services in labor-management disputes
- Administers the unemployment insurance program and disburses state unemployment benefits
- Serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers
- Oversees federal and state training and apprenticeship programs
- Conducts research and collects employment statistics
- Administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- Licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana
- Provides administrative and clerical services to the 38 professional boards and occupational licensing programs authorized by state statutes
- Establishes and enforces minimum building codes

Structurally, the department is divided into the Workforce Services, Unemployment Insurance, Commissioner's Office/Centralized Services, Employment Relations (including the Human Rights Commission), and Business Standards Divisions; and the Office of Community Services and Workers' Compensation Court, both of which are administratively attached.

## Summary of Legislative Action

<b>Department of Labor and Industry</b> <b>Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>○ Funding for the Job Registry Program is eliminated</li> <li>○ Funding for education offset grants within Apprenticeship and Training Program is eliminated</li> <li>○ Reed Act/Employment Security Account (ESA) fund switch (approximately \$605,000 each year) within the Workforce Services Division frees up ESA funding to replace general fund in several programs</li> <li>○ 43.0 FTE and \$2.5 million federal special revenue authority over the biennium added to implement the transfer of unemployment insurance tax collection and reporting from the Department of Revenue, as provided in SB 271</li> <li>○ General fund is reduced by \$38,080 over the biennium. This reduction equals the department's share of a statewide personal services reduction</li> </ul>

The legislature added 45.6 FTE and \$14.6 million over the fiscal 2002 base to the Department of Labor and Industry. Of this total, \$3.7 million was for new proposals, including:

- 43.0 FTE and \$2.5 million to implement SB 271, which transfers responsibility for the collection and reporting of unemployment insurance taxes from the Department of Revenue to the Department of Labor and Industry
- Elimination of funding for Apprenticeship and Training Grants and the Job Registry Program (approximately \$310,000 reduction over the biennium)
- Reed Act/Employment Security Account (ESA)/general fund funding switch which replaced approximately \$1.2 million general fund over the biennium with a like amount of ESA funding, which in turn was backfilled with federal Reed Act funding
- Addition of 1.10 FTE and approximately \$300,000 general fund, state special revenue, and federal special revenue authority to implement legislation passed by the 2003 legislature
- Increased funding for 1.50 FTE within the Business Services Division for workload increases associated with the Boards of Pharmacy and Plumbers

The remaining increase is associated with present law adjustments, including statewide present law adjustments for funding of authorized FTE and inflationary adjustments; continued funding authority for the Natural Resource Workers' Scholarship Program; increased federal grant authority for the Office of Community Service; and various operating cost increases.

**Funding**

The following table summarizes funding for the agency, by program and source, as adopted by the legislature.

<b>Total Agency Funding 2005 Biennium Executive Budget</b>						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
Commissioner'S Office/Csd	\$ 238,198	\$ 1,618,180	\$ 865,508	\$ 137,085	\$ 2,858,971	2.2%
Work Force Services Division	753,815	15,061,159	48,786,408	23	64,601,405	50.5%
Unemployment Insurance Division	-	619,985	15,433,993	-	16,053,978	12.6%
Employment Relations Division	1,336,552	13,135,965	1,454,799	-	15,927,316	12.5%
Business Standards Division	-	21,324,396	-	-	21,324,396	16.7%
Office Of Community Service	47,900	1,486	6,172,762	-	6,222,148	4.9%
Workers Compensation Court	-	900,537	-	-	900,537	0.7%
Grand Total	<u>\$ 2,376,465</u>	<u>\$ 52,661,708</u>	<u>\$ 72,713,470</u>	<u>\$ 137,108</u>	<u>\$ 127,888,751</u>	<u>100.0%</u>

**Other Legislation**

**HB 174** - HB 174 revises several professional and occupational licensing laws which drive a net reduction in operating expenses of approximately \$100,000 in state special revenue over the biennium. The legislature adjusted the Business Services Division budget for this reduction.

**HB 181** - HB 181 provides for the certification and registration of individuals/entities who are authorized to euthanize animals. The Department of Labor and Industry will perform the certification and registration duties, which will effect a revenue and cost increase of approximately \$26,000 state special revenue over the biennium. The legislature adjusted the Business Services Division budget for this increase.

**HB 196** - HB 196 combines the Boards of Barbers and Cosmetologists, effecting a net decrease in expenditures of approximately \$8,000 state special revenue per year. The legislature adjusted the Business Services Division budget for this reduction.

**HB 501** - HB 501 revises the licensure of radiologic technologists. Additional meetings and plan reviews result in an expenditure increase of approximately \$5,000 state special revenue over the biennium. The legislature adjusted the Business Services Division budget for this increase.

**HB 542** - HB 542 revises the laws concerning occupational therapy practices, which will require additional expenditures relating to drafting administrative rules to implement the changes. The legislature adjusted the Business Services Division budget for this increase.

**HB 564** - HB 564 establishes the Primary Sector Business Workforce Training Act. HB 564 provides for a seven-member loan review committee to make grants to qualifying primary sector businesses to pay for employee education and training by eligible service providers, and provides temporary funding for workforce training grants through board of investment loans. Among other requirements, HB 564 requires the Department of Labor and Industry to analyze data and report on the available labor supply in Montana's rural, reservation, and urban labor markets. The legislature added 0.35 FTE and \$250,000 in state special revenue authority to allow the department to accomplish this study.

**HB 681** - HB 681 defines and provides for the licensure of medication aides. The legislature added 0.50 FTE and \$45,000 state special revenue over the biennium to accommodate the increased workload as a result of this legislation.

**HB 735** - HB 735 revises the Job Registry program by eliminating some state responsibilities and transferring responsibility for the remaining functions from the Department of Labor and Industry to the Department of Administration. The legislature removed all program funding (\$32,002 general fund over the biennium) from the Department of Labor and Industry, while the Department of Administration will perform the new responsibilities out of existing appropriations.

**SB 109** - SB 109 revises several professional and occupational licensing laws which drive a net increase in operating expenses of approximately \$8,000 in state special revenue over the biennium. The legislature adjusted the Business Services Division budget for this increase.

**SB 271** - SB 271 transfers responsibility for the collection and reporting of unemployment insurance taxes from the Department of Revenue to the Department of Labor and Industry. The Department of Revenue will continue to administer the program until the function is transferred, sometime during the 2005 biennium. The legislature added 43.00 FTE and \$2.5 million in federal special revenue authority to the Unemployment Insurance Division to effect this transfer.

**SB 306** - SB 306 creates the Uniform Athlete Agents' Act, and provides definitions, processes, and requirements for athlete agents. Under this act, the Department of Labor and Industry will assume the responsibility for issuing certificates of registration to the athlete agents, which will increase expenditures by approximately \$1,100 state special revenue over the biennium. The legislature adjusted the Business Services Division budget for this increase.

**SB 432** - SB 432 provides for licensed real estate appraisal trainees, which effects an expenditure and revenue increase of approximately \$7,000 state special revenue over the biennium. The legislature adjusted the Business Services Division budget for this increase.

**SB 450** - SB 450 revises workers' compensation laws. Impact to the Department of Labor and Industry is estimated to be an increase in benefits paid from the uninsured employer fund of approximately \$3,500 over the biennium. The department's budget was not adjusted for this increase.

**SB 484** - SB 484 provides for the creation of "empowerment zones" and provides tax credits to employers hiring new employees within these zones. SB 484 assigns responsibility for oversight of the program to the Workforce Services Division. This oversight will include, but is not limited to, performance tracking, data collection, monitoring, inspection, and fiscal management. The legislature added 0.25 FTE and approximately \$50,000 general fund over the biennium to allow the department to provide this oversight.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2002	Executive Budget Fiscal 2004	Legislative Budget Fiscal 2004	Leg – Exec. Difference Fiscal 2004	Executive Budget Fiscal 2005	Legislative Budget Fiscal 2005	Leg – Exec. Difference Fiscal 2005	Biennium Difference Fiscal 04-05
FTE	659.64	661.14	664.99	3.85	661.14	705.24	44.10	
Personal Services	24,534,708	27,448,965	27,779,679	330,714	27,454,996	30,189,012	2,734,016	3,064,730
Operating Expenses	15,249,372	16,801,808	16,930,953	129,145	16,800,013	17,472,117	672,104	801,249
Equipment	432,003	462,003	465,339	3,336	462,003	462,003	0	3,336
Capital Outlay	965	965	965	0	965	965	0	0
Grants	16,013,711	16,966,489	16,903,711	(62,778)	16,966,488	16,903,711	(62,777)	(125,555)
Benefits & Claims	258,597	258,597	258,597	0	258,597	258,597	0	0
Transfers	131,551	131,551	131,551	0	131,551	131,551	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$56,620,907</b>	<b>\$62,070,378</b>	<b>\$62,470,795</b>	<b>\$400,417</b>	<b>\$62,074,613</b>	<b>\$65,417,956</b>	<b>\$3,343,343</b>	<b>\$3,743,760</b>
General Fund	1,969,954	1,863,083	1,180,000	(683,083)	1,860,937	1,196,465	(664,472)	(1,347,555)
State/Other Special	22,630,948	24,722,009	26,105,961	1,383,952	24,747,720	26,555,747	1,808,027	3,191,979
Federal Special	31,976,879	35,417,330	35,116,637	(300,693)	35,398,105	37,596,833	2,198,728	1,898,035
Proprietary	43,126	67,956	68,197	241	67,851	68,911	1,060	1,301
<b>Total Funds</b>	<b>\$56,620,907</b>	<b>\$62,070,378</b>	<b>\$62,470,795</b>	<b>\$400,417</b>	<b>\$62,074,613</b>	<b>\$65,417,956</b>	<b>\$3,343,343</b>	<b>\$3,743,760</b>

### Executive Budget Comparison

The legislative budget is \$3.7 million higher than the executive, with a \$1.3 million general fund reduction over the biennium. The legislature made the following major changes:

- Did not accept a proposal to fund the Youth Challenge Program in Military Affairs with Employment Security Account (ESA) funding, and subsequently did not accept the executive proposal to replace \$2.2 million in ESA funding over the biennium with federal Reed Act funding

- Replaced approximately \$1.2 million in ESA funding over the biennium with federal Reed Act funding, and subsequently replaced approximately \$1.2 million in general fund over the biennium with ESA funding -- All or a portion of the general fund was replaced in the Displaced Homemaker Program, Jobs for Montana's Graduates Program, Hearings Bureau, Human Rights Bureau, and Office of Community Service
- Did not accept two general fund administrative cost increases (\$18,000 general fund decrease over biennium)
- Eliminated funding for the Job Registry Program and education offset grants within the Apprenticeship and Training Program (\$158,000 general fund reduction over the biennium)
- Reduced general fund by \$38,080 over the biennium. This reduction equals the department's share of a statewide personal services reduction
- Added 0.25 FTE and approximately \$50,000 general fund over the biennium to accommodate the passage of SB 484, which authorizes the creation of "empowerment zones" and provides tax credits to employers hiring new employees within these zones
- Added 0.35 FTE and \$250,000 state special revenue authority over the biennium to accommodate the passage of HB 564, which created the Workforce Training Act and requires the Department of Labor and Industry to analyze data and report on the available labor supply in Montana's rural, reservation, and urban labor markets
- Added 43.00 FTE and \$2.5 million federal special revenue authority over the biennium to implement SB 271, which transfers responsibility for the collection and reporting of unemployment insurance taxes from the Department of Revenue to the Department of Labor and Industry
- Added 0.50 FTE and reduced state special revenue authority by approximately \$9,000 over the biennium to accommodate the impacts of legislation passed by the 2003 legislature
- Added \$80,000 state special revenue over the biennium for use by the Workforce Services Division to supplement federal funds related to providing services to workers dislocated as a result of the Stimson Mill closure
- Increased state special revenue by \$2,000 and added language making the appropriation contingent upon the availability and dissemination of labor market information for Montana's tribes
- Passed HB 13, the state pay plan bill, which increased the following authority over the biennium: General fund - \$26,855; state special revenue - \$747,838; federal special revenue - \$346,786; and proprietary funding - \$1,301

### **Employment Security Account**

The legislative budget carries forward the Reed Act to Employment Security Account (ESA) funding switch proposed by the executive, but reduces the amount from \$2.2 million to \$1.2 million over the biennium. The reduction is to accommodate the elimination of ESA funding within the Youth Challenge Program, and the use of ESA to replace general fund within the Department of Labor and Industry.

The figure below shows the use of ESA funding contained in the legislative budget. As shown, the legislature replaced all or a portion of the general fund within the following programs:

- Displaced Homemaker Program
- Jobs for Montana's Graduates
- Hearings Bureau
- Human Rights Bureau
- Office of Community Service

Additionally, the figure shows a comparison to the Executive Budget recommendation. As can be seen, the legislature did not accept the executive recommendation to use ESA for the Youth Challenge Program, but chose to use ESA only within the Department of Labor and Industry.

Actual and Proposed Use of Employment Security Account					
	Fiscal Year				
	2000	2002	2003	Executive 2004*	Legislative 2004
<u>Services Traditionally Funded by ESA</u>					
Workforce Services Division Operations	\$3,619,406	\$4,407,199	\$608,250	\$3,644,117	\$4,204,452
Apprenticeship and Training	241,106	282,503	330,752	286,494	286,494
Employment Relations Division	762,451	810,620	846,718	843,711	847,878
Legal/Hearings Bureau	243,087	256,600	289,481	230,054	232,329
Research and Analysis Bureau	74,143	107,601	96,105	98,250	98,250
Unemployment Insurance Division	267,371	270,153	295,754	289,955	291,422
Subtotal	\$5,207,564	\$6,134,676	\$2,467,060	\$5,392,581	\$5,960,825
<u>Other Services</u>					
Jobs for Montana's Graduates	-	-	532,988	-	150,649
Apprenticeship Grants	-	-	140,000	-	-
Displaced Homemakers	-	-	219,765	-	212,573
Job Registry	-	-	18,808	-	-
Hearings Bureau	-	-	-	-	48,214
Human Rights Bureau	-	-	-	-	193,506
Office of Community Services	-	-	-	-	743
DPHHS - Voc. Rehab. - Section 110	-	-	1,182,264	-	-
DPHHS - Voc. Rehab. - Extended Employment	-	-	782,935	-	-
Military Affairs - Youth Challenge Program	-	-	1,123,240	1,131,049	-
MT School for the Deaf and Blind	-	-	111,000	-	-
Subtotal	\$0	\$0	\$4,111,000	\$1,131,049	\$605,685
Accounting Adjustments	-	-	781,912	-	-
Total ESA Expenditures	\$5,207,564	\$6,134,676	\$7,359,972	\$6,523,630	\$6,566,510
*Executive Budget figures do not include increases for HB 13 (statewide pay plan)					

This fund switch should be considered a one-time-only funding solution for the programs affected by the ESA. Department testimony to the 2003 legislature indicated that Reed Act funding would be primarily spent during the 2005 biennium. If so, that funding source will not be available to backfill the ESA during subsequent biennia. The figure below shows the projected status of the ESA given the department's revenue projections and appropriations provided by the legislature.

Account Review						
Employment Security Account						
	Fiscal Year					
	2000	Actual 2001	2002	Projected 2003	2004	2005
Beginning Fund Balance	\$353,929	\$384,353	\$1,392,752	\$1,429,344	\$573,579	\$538,059
Revenues	5,315,242	6,231,276	6,195,707	6,504,207	6,530,990	6,547,211
Expenditures (1)	(5,284,818)	(5,222,877)	(6,159,115)	(7,359,972)	(6,566,510)	(6,807,030)
Ending Fund Balance	\$384,353	\$1,392,752	\$1,429,344	\$573,579	\$538,059	\$278,240
(1) Fiscal 2002 expenditures include a one-time fund balance adjustment of (\$24,439).						

As shown in the figure above, there would be insufficient fund balance in the ESA to continue the funding switch approved by the 2003 legislature, without backfilling from another fund source or reducing ESA support to the programs

historically funded from the ESA. This funding situation represents a potential issue to be addressed by the 2005 legislature.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	301.60	0.00	0.60	302.20	0.00	0.60	302.20	302.20
Personal Services	11,095,498	950,242	93,584	12,139,324	958,318	396,688	12,450,504	24,589,828
Operating Expenses	5,250,516	394,876	113,086	5,758,478	362,795	112,666	5,725,977	11,484,455
Equipment	96,193	0	0	96,193	0	0	96,193	192,386
Capital Outlay	965	0	0	965	0	0	965	1,930
Grants	14,174,852	0	(140,000)	14,034,852	0	(140,000)	14,034,852	28,069,704
Transfers	131,551	0	0	131,551	0	0	131,551	263,102
<b>Total Costs</b>	<b>\$30,749,575</b>	<b>\$1,345,118</b>	<b>\$66,670</b>	<b>\$32,161,363</b>	<b>\$1,321,113</b>	<b>\$369,354</b>	<b>\$32,440,042</b>	<b>\$64,601,405</b>
General Fund	916,054	(29,615)	(512,366)	374,073	(29,742)	(506,570)	379,742	753,815
State/Other Special	6,781,481	672,849	(45,073)	7,409,257	676,933	193,488	7,651,902	15,061,159
Federal Special	23,052,040	701,884	624,109	24,378,033	673,922	682,413	24,408,375	48,786,408
Proprietary	0	0	0	0	0	23	23	23
<b>Total Funds</b>	<b>\$30,749,575</b>	<b>\$1,345,118</b>	<b>\$66,670</b>	<b>\$32,161,363</b>	<b>\$1,321,113</b>	<b>\$369,354</b>	<b>\$32,440,042</b>	<b>\$64,601,405</b>

### Program Description

The Workforce Services Division (WSD) operates through five bureaus. The Field Operations Bureau functions through a network of 17 Job Service Centers. The division is a gateway to government services in the area of employment and training services. WSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include Workforce Technology, Statewide Workforce Programs, Job Service Programs, and Research and Analysis.

### Program Narrative

Workforce Services Division Major Budget Highlights
<ul style="list-style-type: none"> <li>○ Funding for the Job Registry Program is eliminated</li> <li>○ Funding for education offset grants within Apprenticeship and Training Program is eliminated</li> <li>○ Reed Act/Employment Security Account (ESA) fund switch (approximately \$605,000 each year) within the Workforce Services Division frees up ESA funding to replace general fund in several programs</li> </ul>



**Funding**

The following table shows program funding, by source, for the base year and the 2005 biennium.

<b>Program Funding Table</b>						
Work Force Services Division						
<b>Program Funding</b>	<b>Base Fiscal 2002</b>	<b>% of Base Fiscal 2002</b>	<b>Budget Fiscal 2004</b>	<b>% of Budget Fiscal 2004</b>	<b>Budget Fiscal 2005</b>	<b>% of Budget Fiscal 2005</b>
01100 General Fund	\$ 916,054	3.0%	\$ 374,073	1.2%	\$ 379,742	1.2%
02069 Natural Resource Worker	-	-	150,000	0.5%	150,000	0.5%
02081 Icdm Conference	-	-	125,000	0.4%	125,000	0.4%
02245 Jobs For Mt'S Graduates (Jmg)	-	-	-	-	-	-
02258 Employment Security Account	4,609,757	15.0%	4,952,418	15.4%	5,168,248	15.9%
02288 Mjtp Subgrants/Contracts	2,046,429	6.7%	2,053,024	6.4%	2,074,783	6.4%
02315 Dli Info Exchange	62,636	0.2%	62,636	0.2%	62,636	0.2%
02455 Workers' Comp Regulation	62,659	0.2%	66,179	0.2%	71,235	0.2%
03124 Employment Trng Grants	2,158,232	7.0%	2,182,932	6.8%	2,196,267	6.8%
03126 Job Trng Partnership Act	11,708,292	38.1%	11,710,286	36.4%	11,716,999	36.1%
03128 L & I Federal Funding	1,827,318	5.9%	1,264,347	3.9%	1,225,329	3.8%
03131 Osha Stat Prgm Fed.St Sdy	62,849	0.2%	66,302	0.2%	71,228	0.2%
03194 Research/Analysis/Soicc	942,816	3.1%	943,507	2.9%	985,631	3.0%
03297 Labor And Industry Veteran Gra	819,175	2.7%	860,000	2.7%	860,000	2.7%
03682 Wagner Peyser	5,524,649	18.0%	5,549,259	17.3%	5,549,529	17.1%
03692 Alien Labor Certification (Alc)	-	-	60,043	0.2%	60,187	0.2%
03693 Wrk Opportunities Tx Crdt/Wotc	-	-	79,460	0.2%	80,986	0.2%
03694 Trade Adjustment Assist/Nafta	-	-	1,056,212	3.3%	1,058,681	3.3%
03954 Ui Administrative Grants	8,709	0.0%	-	-	-	-
03967 Ui Reed Act	-	-	605,685	1.9%	603,538	1.9%
06562 Dli Special Projects	-	-	-	-	23	0.0%
Grand Total	<u>\$ 30,749,575</u>	<u>100.0%</u>	<u>\$32,161,363</u>	<u>100.0%</u>	<u>\$ 32,440,042</u>	<u>100.0%</u>

Workforce Services Division (WSD) operations for the biennium are funded with general fund, state special revenue, and federal funds. General fund supports the Jobs for Montana's Graduates program. General fund support for education offset grants has been eliminated from the Apprenticeship and Training program. State special revenue includes \$10.1 million in Employment Security Account (ESA) funding and \$4.1 million in Workforce Investment Act subgrants and contracts. Federal funds include \$23.4 million in Workforce Investment Act funds, \$13.6 million in federal Labor and Industry funds (including Wagner-Peyser funds), and \$4.4 million in employment training grants. New for this biennium is the addition of \$1.2 million in federal Reed Act funds to the division's funding structure, which is a continuation of a funding switch first applied during the August 2002 Special Session. This fund switch (DP 7001, below) reduces ESA funding within the WSD operations function by approximately \$605,000 in each year of the biennium and replaces it with a like amount of Reed Act funding.

Federal funding formulas remain basically the same as in previous biennia, with funding determined by the state's ranking amongst other states within several economic categories. These categories include the number of unemployed, the unemployment rate, and the number of residents considered economically disadvantaged.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,452,151					1,460,543
Vacancy Savings					(501,909)					(502,225)
Inflation/Deflation					27,821					36,795
Fixed Costs					128,453					88,428
<b>Total Statewide Present Law Adjustments</b>					<b>\$1,106,516</b>					<b>\$1,083,541</b>
DP 12 - Operating Increase	0.00	0	3,174	94,167	97,341	0.00	0	3,291	92,992	96,283
DP 18 - Natural Resource Worker Scholarship Program	0.00	0	141,261	0	141,261	0.00	0	141,289	0	141,289
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$144,435</b>	<b>\$94,167</b>	<b>\$238,602</b>	<b>0.00</b>	<b>\$0</b>	<b>\$144,580</b>	<b>\$92,992</b>	<b>\$237,572</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,345,118</b>					<b>\$1,321,113</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 12 - Operating Increase - The legislature approved increased operating expenses to accommodate an increase in the agency's indirect cost allocation plan. Funding is primarily from federal special revenue (\$187,159 over the biennium), with a smaller amounts from state special revenue (\$6,465 over the biennium).

DP 18 - Natural Resource Worker Scholarship Program - The legislature approved additional state special revenue authority to accommodate the Natural Resource Worker Scholarship Program created by SB 322 in the 2001 session.

New Proposals										
-----Fiscal 2004-----					-----Fiscal 2005-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 655 - Personal Services Reduction										
01	0.00	(19,040)	0	0	(19,040)	0.00	(19,040)	0	0	(19,040)
DP 6800 - HB 13 - Pay Plan										
01	0.00	1,633	72,390	18,424	92,447	0.00	7,111	309,426	78,875	395,435*
DP 7001 - ESA/Reed Act Fund Switch										
01	0.00	0	(605,685)	605,685	0	0.00	0	(603,538)	603,538	0
DP 9001 - Displaced Homemaker Fund Switch										
01	0.00	(212,573)	212,573	0	0	0.00	(212,573)	212,573	0	0
DP 9002 - JMG Fund Switch										
01	0.00	(150,649)	150,649	0	0	0.00	(150,027)	150,027	0	0
DP 9003 - Eliminate Apprenticeship and Training Grants										
01	0.00	(140,000)	0	0	(140,000)	0.00	(140,000)	0	0	(140,000)
DP 9007 - Eliminate Job Registry										
01	0.00	(16,001)	0	0	(16,001)	0.00	(16,001)	0	0	(16,001)
DP 9051 - HB 564 - Workforce Training Act										
01	0.35	0	125,000	0	125,000	0.35	0	125,000	0	125,000
DP 9052 - SB 484 - Empowerment Zones										
01	0.25	24,264	0	0	24,264	0.25	23,960	0	0	23,960
<b>Total</b>	<b>0.60</b>	<b>(\$512,366)</b>	<b>(\$45,073)</b>	<b>\$624,109</b>	<b>\$66,670*</b>	<b>0.60</b>	<b>(\$506,570)</b>	<b>\$193,488</b>	<b>\$682,413</b>	<b>\$369,354*</b>

**New Proposals**

DP 655 - Personal Services Reduction - The legislature applied a further vacancy savings on general fund positions. This reduction equals 1.6 percent of general fund and .03 percent of total funds for this agency. This reduction was applied to one program, and language was added allowing the department to reallocate among programs as necessary.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 7001 - ESA/Reed Act Fund Switch - The legislature replaced approximately \$605,000 in Employment Security Account (ESA) funding each year of the biennium with a like amount of federal Reed Act funding. This funding switch is intended to allow the freed-up ESA funding to be used in various programs within the Workforce Services Division.

DP 9001 - Displaced Homemaker Fund Switch - The legislature replaced all general fund within the Displaced Homemaker program with state special revenue from the Employment Security Account.

DP 9002 - JMG Fund Switch - The legislature replaced approximately \$150,000 general fund each year in the Jobs for Montana's Graduates program with a like amount of state special revenue from the Employment Security Account.

DP 9003 - Eliminate Apprenticeship and Training Grants - The legislature eliminated all general fund for education offset grants in the Apprenticeship and Training Program.

DP 9007 - Eliminate Job Registry - The legislature removed all funding for the Job Registry Program (\$16,001 general fund each year), and requested legislation to remove the program from statute. The legislation, HB 735, was subsequently amended to transfer certain portions of the Job Registry Program to the Department of Administration with no additional funding.

DP 9051 - HB 564 - Workforce Training Act - The legislature added 0.35 FTE and \$250,000 state special revenue over the biennium to accommodate the passage of HB 564. Among other requirements, HB 564 requires the Department of Labor and Industry to analyze data and report on the available labor supply in Montana's rural, reservation, and urban labor markets. This adjustment adds the estimated FTE and funding necessary to complete this study.

DP 9052 - SB 484 - Empowerment Zones - The legislature added 0.25 FTE and approximately \$50,000 general fund over the biennium to implement SB 484, which provides for the creation of "empowerment zones" and provides tax credits to employers hiring new employees within these zones. SB 484 assigns responsibility for oversight of the program to the Workforce Services Division. This oversight will include, but is not limited to, performance tracking, data collection, monitoring, inspection, and fiscal management.

**Language**

"Item [Workforce Services Division] includes federal special revenue of \$605,685 in fiscal year 2004 and \$603,539 in fiscal year 2005, from the special Reed Act (a part of the Employment Security Administrative Financing Act of 1954) distribution, that is appropriated for legitimate Wagner-Peyser employment services activities, unemployment insurance benefits, and unemployment insurance administration."

"Item [Workforce Services Division] includes a reduction in general fund money of \$19,040 in fiscal year 2004 and \$19,040 in fiscal year 2005 for the statewide FTE reduction. The agency may allocate this reduction in funding among programs when developing 2005 biennium operating plans."

"The department is appropriated up to \$80,000 in state special revenue from the natural resource workers' tuition scholarship state special revenue fund as a biennial, one-time appropriation to the Workforce Services Division for the

purpose of supplementing federal special revenue that becomes available to pay for services to enrollees in the Dislocated Worker program as a result of the Stimson Mill closure."

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	107.50	0.00	2.75	110.25	0.00	43.00	150.50	150.50
Personal Services	3,771,812	469,592	150,879	4,392,283	468,996	2,000,994	6,241,802	10,634,085
Operating Expenses	2,255,957	138,496	20,641	2,415,094	148,842	600,000	3,004,799	5,419,893
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$6,027,769</b>	<b>\$608,088</b>	<b>\$171,520</b>	<b>\$6,807,377</b>	<b>\$617,838</b>	<b>\$2,600,994</b>	<b>\$9,246,601</b>	<b>\$16,053,978</b>
State/Other Special	283,213	21,742	1,467	306,422	21,742	8,608	313,563	619,985
Federal Special	5,744,556	586,346	170,053	6,500,955	596,096	2,592,386	8,933,038	15,433,993
<b>Total Funds</b>	<b>\$6,027,769</b>	<b>\$608,088</b>	<b>\$171,520</b>	<b>\$6,807,377</b>	<b>\$617,838</b>	<b>\$2,600,994</b>	<b>\$9,246,601</b>	<b>\$16,053,978</b>

### Program Description

The Unemployment Insurance (UI) Division administers the state unemployment insurance law and related federal programs, which provide temporary, partial wage replacement to involuntarily unemployed individuals. The UI Division is organized into three bureaus: UI Benefits, UI Program Support, and UI Phone Claims. The UI Benefits Bureau manages special federal programs, provides training, oversees overpayment and fraud collections, and processes mail into the division's imaging system. The UI Program Support Bureau manages the Trust Fund, division budget, and information technology, provides data analysis, and assures program integrity. The UI Phone Claims Bureau has two phone centers (Billings and Helena) for claimants to file unemployment claims and employers to make UI related inquiries, and adjudicates disputed benefit claims.

### Program Narrative

Unemployment Insurance Division	
Major Budget Highlights	
○	43.0 FTE and \$2.5 million federal special revenue authority over the biennium added to implement the transfer of unemployment insurance tax collection and reporting from the Department of Revenue, as provided in SB 271

### Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table						
Unemployment Insurance Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
02258 Employment Security Account	\$ 270,153	4.5%	\$ 291,422	4.3%	\$ 298,563	3.2%
02315 Dli Info Exchange	13,060	0.2%	15,000	0.2%	15,000	0.2%
03277 U.I. Penalty & Interest	316,288	5.2%	351,785	5.2%	360,420	3.9%
03954 Ui Administrative Grants	5,428,268	90.1%	6,149,170	90.3%	8,572,618	92.7%
Grand Total	<u>\$ 6,027,769</u>	<u>100.0%</u>	<u>\$ 6,807,377</u>	<u>100.0%</u>	<u>\$ 9,246,601</u>	<u>100.0%</u>

The Unemployment Insurance (UI) division is funded with state special revenue funds, including \$590,000 from the ESA, and federal funds, which are primarily UI Administrative Grants (\$14.7 million). During the 2005 biennium, the division will also have access to federal funds as a result of Reed Act distributions.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					639,602					638,975
Vacancy Savings					(176,460)					(176,429)
Inflation/Deflation					(11,566)					(11,309)
Fixed Costs					68,294					77,934
<b>Total Statewide Present Law Adjustments</b>					<b>\$519,870</b>					<b>\$529,171</b>
DP 4 - Increase in operating costs										
	0.00	0	0	88,218	88,218	0.00	0	0	88,667	88,667
<b>Total Other Present Law Adjustments</b>										
	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,218</b>	<b>\$88,218</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,667</b>	<b>\$88,667</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$608,088</b>					<b>\$617,838</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Increase in operating costs - The legislature approved increased federal special revenue authority for the following:

- Fund increases to the department's cost allocation plan - \$42,000 each year
- Fund increased processing and printing through Department of Administration - \$40,000 each year
- Per diem expenses for members of Board of Labor Appeals - \$6,400 each year

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
02	0.00	0	1,467	32,200	33,667	0.00	0	8,608	187,386	195,994
DP 9053 - SB 271 - POINTS/UI Tax Collection										
02	2.75	0	0	137,853	137,853	43.00	0	0	2,405,000	2,405,000
<b>Total</b>	<b>2.75</b>	<b>\$0</b>	<b>\$1,467</b>	<b>\$170,053</b>	<b>\$171,520*</b>	<b>43.00</b>	<b>\$0</b>	<b>\$8,608</b>	<b>\$2,592,386</b>	<b>\$2,600,994*</b>

### New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 9053 - SB 271 - POINTS/UI Tax Collection - The legislature added 43.0 FTE and approximately \$2.5 million in federal special revenue authority to implement SB 271, which transfers responsibility for the collection and reporting of unemployment insurance taxes from the Department of Revenue to the Department of Labor and Industry.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	20.50	0.00	0.00	20.50	0.00	0.00	20.50	20.50
Personal Services	969,374	125,151	6,217	1,100,742	124,364	26,491	1,120,229	2,220,971
Operating Expenses	298,452	19,754	1,000	319,206	19,342	1,000	318,794	638,000
<b>Total Costs</b>	<b>\$1,267,826</b>	<b>\$144,905</b>	<b>\$7,217</b>	<b>\$1,419,948</b>	<b>\$143,706</b>	<b>\$27,491</b>	<b>\$1,439,023</b>	<b>\$2,858,971</b>
General Fund	159,270	6,468	(47,692)	118,046	6,737	(45,855)	120,152	238,198
State/Other Special	653,702	97,746	52,627	804,075	96,747	63,656	814,105	1,618,180
Federal Special	411,728	15,861	2,041	429,630	15,497	8,653	435,878	865,508
Proprietary	43,126	24,830	241	68,197	24,725	1,037	68,888	137,085
<b>Total Funds</b>	<b>\$1,267,826</b>	<b>\$144,905</b>	<b>\$7,217</b>	<b>\$1,419,948</b>	<b>\$143,706</b>	<b>\$27,491</b>	<b>\$1,439,023</b>	<b>\$2,858,971</b>

### Program Description

The Commissioner's Office and the Legal and Centralized Services Division provide program direction, legal, administration, and support services to the department. Legal and Centralized Services provides the central support functions of the department through five bureaus: 1) Fiscal Support; 2) Technical Services; 3) Human Resources; 4) Hearings; and 5) Legal Services.

### Program Narrative

#### Commissioner's Office / Centralized Services Division Major Budget Highlights

- A portion of the general fund associated with the Hearings Bureau is replaced with employment security account (ESA) funding as a result of the Reed Act / ESA fund switch in the Workforce Services Division

### Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table Commissioner'S Office/Csd							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 159,270	12.6%	\$ 118,046	8.3%	\$ 120,152	8.3%	
02258 Employment Security Account	256,602	20.2%	280,543	19.8%	284,225	19.8%	
02315 Dli Info Exchange	543	0.0%	500	0.0%	500	0.0%	
02448 Building Codes State Spec Rev	58,073	4.6%	81,229	5.7%	82,107	5.7%	
02455 Workers' Comp Regulation	161,011	12.7%	204,753	14.4%	207,360	14.4%	
02824 Board Of Medical Examiners	64,537	5.1%	87,817	6.2%	87,677	6.1%	
02833 Board Of Nursing	58,783	4.6%	73,514	5.2%	74,494	5.2%	
02854 Bd. Of Real Estate Appraisers	-	-	350	0.0%	1,495	0.1%	
02941 Uninsured Employer Fund	54,153	4.3%	75,369	5.3%	76,247	5.3%	
03122 Eeoc & Hud	14,952	1.2%	16,300	1.1%	16,575	1.2%	
03954 Ui Administrative Grants	396,776	31.3%	413,330	29.1%	419,303	29.1%	
06546 Commissioner'S Office/Csd	43,126	3.4%	67,360	4.7%	68,051	4.7%	
06547 L/Csd - Direct Charge	-	-	837	0.1%	837	0.1%	
<b>Grand Total</b>	<b>\$ 1,267,826</b>	<b>100.0%</b>	<b>\$ 1,419,948</b>	<b>100.0%</b>	<b>\$ 1,439,023</b>	<b>100.0%</b>	

Division operations are funded from the following sources:

- General fund, which pays expenses associated with hearings of Human Rights cases and CSD legal support to the Human Rights Bureau in the Employment Relations Division
- State special revenue funds from several accounts including the Employment Security and Workers' Compensation Regulation accounts, along with revenue from several licensing boards within the Business Standards Division
- Federal funds, mainly from UI administration grants
- Proprietary funds from the department internal cost allocation plan

The proprietary funds are based on legislatively approved rates, and are not appropriated in HB 2, and are therefore not shown in the table. For further discussion of the proprietary funds, see the Proprietary Rates narrative at the end of this section.

Present Law Adjustments										
Fiscal 2004					Fiscal 2005					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				170,063						169,244
Vacancy Savings				(45,577)						(45,545)
Inflation/Deflation				(77)						44
Fixed Costs				(3,628)						(4,256)
<b>Total Statewide Present Law Adjustments</b>				<b>\$120,781</b>						<b>\$119,487</b>
DP 11 - Misc. Operating Increase	0.00	0	16,037	5,994	24,124*	0.00	0	16,119	6,007	24,219*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$16,037</b>	<b>\$5,994</b>	<b>\$24,124*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$16,119</b>	<b>\$6,007</b>	<b>\$24,219*</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$144,905*</b>						<b>\$143,706*</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 11 - Misc. Operating Increase - The legislature approved increased authority for increases to the department's cost allocation plan.

New Proposals										
Fiscal 2004					Fiscal 2005					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
03	0.00	522	3,413	2,041	6,217*	0.00	2,250	14,551	8,653	26,491*
DP 9004 - CSD Hearings Bureau Fund Switch										
03	0.00	(48,214)	48,214	0	0	0.00	(48,105)	48,105	0	0
DP 9054 - Inclusion of Tribal Labor Market Information										
03	0.00	0	1,000	0	1,000	0.00	0	1,000	0	1,000
<b>Total</b>	<b>0.00</b>	<b>(\$47,692)</b>	<b>\$52,627</b>	<b>\$2,041</b>	<b>\$7,217*</b>	<b>0.00</b>	<b>(\$45,855)</b>	<b>\$63,656</b>	<b>\$8,653</b>	<b>\$27,491*</b>

### New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund



this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 9004 - CSD Hearings Bureau Fund Switch - The legislature replaced approximately \$48,000 general fund each year in the Hearings Bureau with a like amount of state special revenue from the Employment Security Account.

DP 9054 - Inclusion of Tribal Labor Market Information - The legislature added \$2,000 in state special revenue authority over the biennium, and included language which makes the funding contingent on the availability and reporting of Montana tribes' labor market information. The language also requires the department to collaborate with the Bureau of Indian Affairs and the tribes to provide access to and disseminate that information.

### **Language**

"Item [Inclusion of Tribal Labor Market Information] is contingent upon the availability and inclusion on the department's website or other public document of Bureau of Indian Affairs' and Montana tribes' labor market information. The department shall collaborate with the Bureau of Indian Affairs and any appropriate Montana tribal government to provide access to and disseminate Bureau of Indian Affairs and Montana tribe labor market information through the department."

### **Proprietary Rates**

#### **Program Description**

Cost Allocation Plan (CAP) - The Commissioner's Office and the Legal/Centralized Services Division are partially funded through a cost allocation plan under which the various other divisions in the agency are assessed a percentage of their personal services costs to support centralized functions. The services provided through this accounting entity are administration, accounting, purchasing, budgeting, personnel, training, mail distribution, and information services.

Input/Output Control Operations Functions - The Legal/Centralized Services Division recovers costs of a unit called the Input/Output Control Operations Function, which provides traffic control of data input, jobs for the mainframe computer system, and report output.

#### **Revenues and Expenses**

There are no changes in projected services from the 2003 biennium. The goal of program management is to assess costs of centralized functions equitably to all divisions while maintaining a 60-day working capital level of approximately \$360,000.

#### **Rate Explanation**

Cost Allocation Plan - The CAP rate is determined by dividing projected personal services expenditures on FTE not supported by CAP revenue by the projected revenue needed to perform centralized services required for the department.

Input/Output Control Operation Functions - Internal users are directly charged for the services received and are billed quarterly. Direct charges are for services that are easily identifiable and charged directly to the beneficiary of the service. Direct charges are estimated during the budget submission process, and actual costs incurred are charged to the appropriate division/bureau.

For the 2005 biennium, the legislature approved rates of 10 percent for fiscal 2004 and 12 percent for fiscal 2005.

#### **Significant Present Law**

BSD Hearings - SB 445 in the 2001 legislative session transferred three programs from the Department of Commerce to the Department of Labor and Industry. Prior to being assumed by the Hearings Bureau within the Department of Labor and Industry, hearings for the Building Codes Division were performed by Agency Legal Services within the Department of Commerce. The Hearings Bureau did not take over these hearings until three quarters of the way through the base year. This increase adjusts the rates to bring projected revenues in line with projected expenditures.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	116.51	0.00	0.00	116.51	0.00	0.00	116.51	116.51
Personal Services	4,637,473	410,970	34,894	5,083,337	408,370	149,189	5,195,032	10,278,369
Operating Expenses	2,356,730	106,599	0	2,463,329	105,250	0	2,461,980	4,925,309
Equipment	103,222	0	0	103,222	0	0	103,222	206,444
Benefits & Claims	258,597	0	0	258,597	0	0	258,597	517,194
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$7,356,022</b>	<b>\$517,569</b>	<b>\$34,894</b>	<b>\$7,908,485</b>	<b>\$513,620</b>	<b>\$149,189</b>	<b>\$8,018,831</b>	<b>\$15,927,316</b>
General Fund	869,937	(15,388)	(190,618)	663,931	(17,677)	(179,639)	672,621	1,336,552
State/Other Special	5,751,732	546,310	223,094	6,521,136	544,650	318,447	6,614,829	13,135,965
Federal Special	734,353	(13,353)	2,418	723,418	(13,353)	10,381	731,381	1,454,799
<b>Total Funds</b>	<b>\$7,356,022</b>	<b>\$517,569</b>	<b>\$34,894</b>	<b>\$7,908,485</b>	<b>\$513,620</b>	<b>\$149,189</b>	<b>\$8,018,831</b>	<b>\$15,927,316</b>

### Program Description

The Employment Relations Division (ERD) provides six service areas:

- Workers' Compensation (WC) Regulation, which regulates WC insurance coverage requirements, policy compliance, medical regulations, and cost containment; and WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlement of their disputes
- Labor Standards Bureau, which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation
- Safety Bureau, which administers federal and state industrial safety laws
- Human Rights Bureau, which enforces Montana Human Rights Act and Governmental Code of Fair Practices through investigations, conciliation, hearings, and education. This bureau is responsible for enforcing laws which prohibit discrimination in employment, housing, public accommodations, financing and credit transactions, insurance, education, and government services
- Contractor Registration and Independent Contractor Exemption programs, which register contractors
- Board of Personnel Appeals, which deals with issues related to wage and hour, and collective bargaining disputes between employers and employees and is administratively attached.

### Program Narrative

Employment Relations Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>○ A portion of the general fund associated with the Human Rights Program is replaced with employment security account (ESA) funding as a result of the Reed Act / ESA fund switch in the Workforce Services Division</li> <li>○ Funding increases primarily due to statewide present law adjustments, increases in operating costs, and funding of the statewide pay plan</li> </ul>	

### Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

<b>Program Funding Table</b>						
Employment Relations Division						
	Base	% of Base	Budget	% of Budget	Budget	% of Budget
Program Funding	Fiscal 2002	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005
01100 General Fund	\$ 869,937	11.8%	\$ 663,931	8.4%	\$ 672,621	8.4%
02091 Independ Contractors Exemption	177,360	2.4%	291,617	3.7%	296,875	3.7%
02236 Industrial Accident Rehab	69,302	0.9%	69,302	0.9%	69,302	0.9%
02258 Employment Security Account	810,626	11.0%	1,041,384	13.2%	1,055,251	13.2%
02263 Subsequent Infury-Admin	33,275	0.5%	35,027	0.4%	35,122	0.4%
02315 Dli Info Exchange	3,256	0.0%	-	-	-	-
02346 Contractor Registration	192,396	2.6%	180,640	2.3%	183,218	2.3%
02455 Workers' Comp Regulation	3,664,106	49.8%	4,182,345	52.9%	4,239,651	52.9%
02941 Uninsured Employer Fund	801,411	10.9%	720,821	9.1%	735,410	9.2%
03122 Eeoc & Hud	119,987	1.6%	126,000	1.6%	126,000	1.6%
03130 Coal Mine Safety	131,511	1.8%	130,554	1.7%	132,381	1.7%
03195 On-Site Consultation	481,381	6.5%	466,864	5.9%	473,000	5.9%
03954 Ui Administrative Grants	1,474	0.0%	-	-	-	-
Grand Total	<u>\$ 7,356,022</u>	<u>100.0%</u>	<u>\$ 7,908,485</u>	<u>100.0%</u>	<u>\$ 8,018,831</u>	<u>100.0%</u>

Division operations are funded from the following sources:

- General fund, which supports the Silicosis and Social Security Benefits program and a portion of the Human Rights Bureau
- State special revenue funds from several accounts including the Workers' Compensation Regulation, Employment Security, Uninsured Employer, Independent Contractor Exemption, and Contractors' Registration accounts
- Federal funds, including Coal Mine Safety, on-site consultation, and Equal Employment Opportunity funds

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				608,300					605,593
Vacancy Savings				(209,830)					(209,723)
Inflation/Deflation				9,389					18,526
Fixed Costs				(5,912)					(16,822)
<b>Total Statewide Present Law Adjustments</b>				<b>\$401,947</b>					<b>\$397,574</b>
DP 2 - Automated Reporting	0.00	0	50,000	50,000	0.00	0	50,000	0	50,000
DP 10 - Operating Cost Adjustments	0.00	0	59,622	65,622	0.00	0	60,046	6,000	66,046
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$109,622</b>	<b>\$115,622</b>	<b>0.00</b>	<b>\$0</b>	<b>\$110,046</b>	<b>\$6,000</b>	<b>\$116,046</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$517,569</b>					<b>\$513,620</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Automated Reporting - The legislature approved an increase in state special revenue authority for additional information technology consulting services to augment current processes used for electronic reporting of required information to the workers' compensation database (WCAP). Funding is from the Workers' Compensation Regulation fund.

DP 10 - Operating Cost Adjustments - The legislature approved increased state and federal special revenue authority for the following:

- Increases to the department's cost allocation plan - \$53,000 each year
- Per diem expenses for members of Board of Personnel Appeals and Human Rights Commission - \$12,500 each year

New Proposals										
Program	FTE	-----Fiscal 2004-----				-----Fiscal 2005-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
04	0.00	2,888	29,588	2,418	34,894	0.00	12,451	126,357	10,381	149,189
DP 9005 - ERD Human Rights Bureau Fund Switch										
04	0.00	(193,506)	193,506	0	0	0.00	(192,090)	192,090	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$190,618)</b>	<b>\$223,094</b>	<b>\$2,418</b>	<b>\$34,894*</b>	<b>0.00</b>	<b>(\$179,639)</b>	<b>\$318,447</b>	<b>\$10,381</b>	<b>\$149,189*</b>

### New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 9005 - ERD Human Rights Bureau Fund Switch - The legislature replaced approximately \$193,000 general fund each year in the Human Rights Bureau with a like amount of state special revenue from the Employment Security Account.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	104.53	0.00	2.00	106.53	0.00	2.00	106.53	106.53
Personal Services	3,648,645	859,905	94,663	4,603,213	863,354	201,082	4,713,081	9,316,294
Operating Expenses	4,859,224	842,742	14,848	5,716,814	866,952	(23,630)	5,702,546	11,419,360
Equipment	232,588	30,000	3,336	265,924	30,000	0	262,588	528,512
Grants	115	30,000	0	30,115	30,000	0	30,115	60,230
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$8,740,572</b>	<b>\$1,762,647</b>	<b>\$112,847</b>	<b>\$10,616,066</b>	<b>\$1,790,306</b>	<b>\$177,452</b>	<b>\$10,708,330</b>	<b>\$21,324,396</b>
State/Other Special	8,740,572	1,762,647	112,847	10,616,066	1,790,306	177,452	10,708,330	21,324,396
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$8,740,572</b>	<b>\$1,762,647</b>	<b>\$112,847</b>	<b>\$10,616,066</b>	<b>\$1,790,306</b>	<b>\$177,452</b>	<b>\$10,708,330</b>	<b>\$21,324,396</b>

### Program Description

The Business Standards Division (BSD) consists of four bureaus:

- The Building Codes Bureau (BCB) establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator and boiler codes for use throughout Montana, including factory built buildings. It approves and certifies local government code enforcement programs to utilize codes adopted by the bureau. The BCB also assists the Board of Plumbers and State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.
- The Weights & Measures Bureau (WMB) is responsible for licensing, inspecting, testing and certifying all weighing and measuring devices used in making commercial transactions in the Montana. WMB also enforces laws and regulations pertaining to the quantity control of prepackaged goods, the quality control of petroleum products and is responsible for maintaining the state standards of mass and volume applied when calibrating other mass and volume standards used in testing commercial devices.
- The Health Care Licensing Bureau (HCLB) provides administrative, clerical, and compliance support for 19 licensing boards and one program that licenses professionals and individuals working in the health care field.
- The Business & Occupational Licensing Bureau (BOLB) provides administrative, clerical, and compliance support for 13 licensing boards and two licensing programs that license professionals and individuals working in non-health-care-related professions and occupations.

### Program Narrative

Business Services Division Major Budget Highlights	
○	No major changes to historical or current operations
○	Funding increases primarily due to statewide present law adjustments, increases in operating costs, and funding of the statewide pay plan

### Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table						
Business Standards Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
02034 Earmarked Alcohol Funds	\$ 24,592	0.3%	\$ 44,087	0.4%	\$ 44,087	0.4%
02078 Occupational Therapists	22,414	0.3%	25,395	0.2%	19,195	0.2%
02079 Fire Protection & Permitting	13,052	0.1%	30,882	0.3%	31,816	0.3%
02109 Board Of Outfitters	479,974	5.5%	557,384	5.3%	569,051	5.3%
02155 Boiler,Blaster,Crane Licensing	133,837	1.5%	196,873	1.9%	203,578	1.9%
02160 Licensing Pvt Empl Agencies	-	-	70,000	0.7%	70,000	0.7%
02359 Chemical Dependency Counselors	25,043	0.3%	78,020	0.7%	80,475	0.8%
02446 Board Of Psychologist Exam	38,088	0.4%	55,992	0.5%	56,999	0.5%
02448 Building Codes State Spec Rev	3,139,067	35.9%	3,810,314	35.9%	3,838,627	35.8%
02673 Continuing Education Program	15,486	0.2%	15,486	0.1%	15,486	0.1%
02805 Weights & Measures Bureau	686,114	7.8%	786,301	7.4%	796,095	7.4%
02808 Board Of Landscape Architects	26,945	0.3%	24,433	0.2%	24,545	0.2%
02809 Board Of Speech Pathologists	18,940	0.2%	35,648	0.3%	35,734	0.3%
02810 Bd Of Radiologic Technologists	42,833	0.5%	61,101	0.6%	57,515	0.5%
02811 Clinical Lab Science Pract.	33,626	0.4%	50,375	0.5%	50,982	0.5%
02812 Physical Therapists	22,209	0.3%	34,344	0.3%	35,092	0.3%
02813 Bd Of Nursing Home Admin	22,311	0.3%	39,156	0.4%	40,127	0.4%
02814 Bd Of Hearing Aid Dispensers	19,195	0.2%	28,410	0.3%	29,017	0.3%
02815 Board Of Public Accountants	301,980	3.5%	266,211	2.5%	269,994	2.5%
02816 Board Of Sanitarians	10,508	0.1%	8,297	0.1%	8,428	0.1%
02818 Electrical Board	117,457	1.3%	189,718	1.8%	196,075	1.8%
02819 Real Estate	507,167	5.8%	606,158	5.7%	612,832	5.7%
02820 Board Of Architects	56,402	0.6%	45,829	0.4%	46,510	0.4%
02821 Board Of Funeral Service	57,272	0.7%	52,938	0.5%	53,687	0.5%
02822 Board Of Chiropractors	46,305	0.5%	57,355	0.5%	58,452	0.5%
02823 Professional Engineers	259,855	3.0%	237,612	2.2%	227,546	2.1%
02824 Board Of Medical Examiners	606,467	6.9%	652,665	6.1%	662,733	6.2%
02826 Cosmetology Board	284,541	3.3%	384,253	3.6%	392,707	3.7%
02828 Board Of Plumbers	130,040	1.5%	186,196	1.8%	191,235	1.8%
02829 Private Investigator	87,109	1.0%	95,885	0.9%	97,167	0.9%
02830 Board Of Dentistry	156,137	1.8%	193,225	1.8%	196,671	1.8%
02831 Board Of Optometrists	27,978	0.3%	40,287	0.4%	41,140	0.4%
02832 Board Of Pharmacy	202,906	2.3%	348,791	3.3%	353,266	3.3%
02833 Board Of Nursing	740,560	8.5%	782,952	7.4%	783,148	7.3%
02834 Board Of Veterinarians	44,750	0.5%	72,851	0.7%	67,996	0.6%
02835 Board Of Barbers	44,496	0.5%	48,321	0.5%	48,824	0.5%
02840 Board Of Social Workers	84,538	1.0%	119,251	1.1%	121,021	1.1%
02841 Board Of Athletics	26,718	0.3%	46,824	0.4%	46,560	0.4%
02852 Bd. Of Alternative Health Care	23,109	0.3%	34,559	0.3%	35,192	0.3%
02854 Bd. Of Real Estate Appraisers	149,131	1.7%	174,540	1.6%	173,162	1.6%
02855 Bd Of Respiratory Care	11,420	0.1%	27,147	0.3%	25,563	0.2%
Grand Total	<u>\$ 8,740,572</u>	<u>100.0%</u>	<u>\$ 10,616,066</u>	<u>100.0%</u>	<u>\$ 10,708,330</u>	<u>100.0%</u>

The Business Standards Division (BSD) is funded entirely from state special revenue and proprietary funds:

- Building Codes Bureau is funded from inspection fees deposited into the Building Codes state special revenue fund
- Weights and Measures Bureau is funded from license and inspection fees deposited into the Weights and Measures state special revenue fund
- Health Care Licensing Bureau is funded with state special revenue from the licensing boards and programs it oversees
- Business and Occupational Licensing Bureau is funded with state special revenue from the licensing boards and programs it oversees
- Division administrative functions are centrally-funded from a proprietary fund with indirect charges paid by all bureaus within the division

The proprietary funds are based on legislatively-approved rates, and are not appropriated in HB 2; therefore, they are not shown in the table. For further discussion of the proprietary funds, see the Proprietary Rates section at the end of this narrative.

Present Law Adjustments										
Fiscal 2004						Fiscal 2005				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				909,003						910,714
Vacancy Savings				(182,318)						(182,380)
Inflation/Deflation				24,184						29,239
Fixed Costs				34,798						29,578
<b>Total Statewide Present Law Adjustments</b>				<b>\$785,667</b>						<b>\$787,151</b>
DP 3 - Restore OTO - BOLB & BCB Vehicle Request										
0.00	0	27,281	0	27,281		0.00	0	28,131	0	28,131
DP 6 - Legal Contingency Fund										
0.00	0	70,000	0	70,000		0.00	0	70,000	0	70,000
DP 7 - Real Estate Regulation Grants Increase										
0.00	0	30,000	0	30,000		0.00	0	30,000	0	30,000
DP 8 - BCB & W&M Operating Increase										
0.00	0	144,200	0	144,200		0.00	0	108,927	0	108,927
DP 9 - Oracle System Support										
0.00	0	50,000	0	50,000		0.00	0	50,000	0	50,000
DP 13 - Board Operating Increase										
0.00	0	655,499	0	655,499		0.00	0	716,097	0	716,097
<b>Total Other Present Law Adjustments</b>										
0.00	\$0	\$976,980	\$0	\$976,980		0.00	\$0	\$1,003,155	\$0	\$1,003,155
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,762,647</b>						<b>\$1,790,306</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3 - Restore OTO - BOLB and BCB Vehicle Request - The legislature approved an increase in state special revenue of approximately \$28,000 each year of the biennium for the following:

- A decrease in personal car mileage as a result of increased use of leased vehicles vs. employees' personal vehicles within the State Electrical Board, Board of Cosmetologists, Board of Barbers, and the Board of Outfitters - \$5,400 reduction each year
- Additional equipment funding to purchase two new vehicles within the Building Codes Bureau, which restores a portion of vehicle replacement funding that the legislature designated as one-time-only (OTO) during the 2001 session - \$30,000 each year

DP 6 - Legal Contingency Fund - The legislature approved \$70,000 each year in state special revenue authority to reestablish the legal proceeding contingency fund, which was funded as one-time-only during the 2001 session. The legal proceeding contingency fund supports all boards and programs within the division in most legal matters.

DP 7 - Real Estate Regulation Grants Increase - The legislature approved additional state special revenue authority from the Real Estate Recovery Account to offer education grants to private education providers offering continuing education in rural areas and in specialty topic areas, where revenue will not meet expenses.

DP 8 - BCB and Weights/Measures Operating Increase - The legislature approved increased state and federal special revenue authority for the following, funded from Building Codes and Weights and Measures state special revenue:

- Building Codes inspector travel increase due to vacancies in the base year - \$32,000 each year

- Rent adjustments - (\$30) in fiscal 2004, \$1,527 in fiscal 2005
- Increased indirect costs to support BSD administration - approximately \$115,000 each year

**DP 9 - Oracle System Support** - The legislature approved additional state special revenue authority for all business and occupational licensing boards for consulting services (\$50,000 each year). The increase will fund various modifications to the Oracle database as a result of changes in requirements, and will service 33 boards and 5 programs with over 200 registration/license types.

**DP 13 - Board Operating Increase** - The legislature approved increased state and federal special revenue authority for the following:

- Increased recharges for support bureau and division functions - \$283,254 in fiscal 2004, \$351,352 in fiscal 2005
- Per diem for board members - approximately \$128,000 each year
- Rent increases - approximately \$15,000 each year
- Various contracted services for the Board of Athletics, State Electrical Board, Board of Realty Regulation, and Board of Plumbers - approximately \$100,000 each year
- Miscellaneous operating costs adjustments

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Board FTE Request										
05	1.50	0	63,797	0	63,797	1.50	0	61,161	0	61,161
DP 6800 - HB 13 - Pay Plan										
05	0.00	0	33,061	0	33,061	0.00	0	140,966	0	140,966
DP 9050 - POL Adjustments to Implement Legislation										
05	0.50	0	15,989	0	15,989	0.50	0	(24,675)	0	(24,675)
<b>Total</b>	<b>2.00</b>	<b>\$0</b>	<b>\$112,847</b>	<b>\$0</b>	<b>\$112,847*</b>	<b>2.00</b>	<b>\$0</b>	<b>\$177,452</b>	<b>\$0</b>	<b>\$177,452*</b>

### New Proposals

**DP 5 - Board FTE Request** - The legislature approved state special revenue authority for 1.5 FTE. 1.0 FTE is for the Board of Pharmacy to accommodate increased workload due to the addition of mandatory registration of pharmacy technicians, as passed by the 2001 legislature. 0.5 FTE is for the Board of Plumbers to accommodate a continuing education program for plumbers. Funding is from the Board of Pharmacy and Board of Plumbers state special revenue funds.

**DP 6800 - HB 13 - Pay Plan** - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

**DP 9050 - POL Adjustments to Implement Legislation** - The legislature added 0.50 FTE and reduced state special revenue authority by approximately \$9,000 over the biennium to accommodate the impacts of legislation passed by the 2003 legislature.

### Proprietary Rates

#### Program Description

The intent of the BSD Administration internal service fund is to cover division and bureau level costs of operation that are common to the bureaus, boards, and programs of the division. Common costs of operation are assessed through recharges to the various state special revenue accounts maintained within the division.



The fund provides support to the Building Codes, Weights and Measures, Business and Occupational Licensing, and Health Care Licensing bureaus. The programs within the Health Care Licensing and Business and Occupational Licensing bureaus include:

**Health Care Licensing**

Licensed Addiction Counselors  
Bd. of Chiropractors  
Bd. of Dentistry  
Bd. of Hearing Aid Dispenser  
Bd. of Respiratory Care Practitioners  
Bd. of Alternative Health Care  
Bd. of Medical Examiners  
Bd. of Funeral Services  
Bd. of Nursing  
Bd. of Nursing Home Admin.  
Bd. of Optometry  
Bd. of Pharmacy  
Bd. of Veterinary Medicine  
Bd. of Psychologists  
Bd. of Speech Pathologists & Audiologists  
Bd. of Radiologic Technologists  
Bd. of Social Workers & Prof. Counselors  
Bd. of Physical Therapy Examiners  
Bd. of Occupational Therapists  
Bd. of Clinical Lab. Science Practitioners

**Business and Occupational Licensing**

Bd. of Architects  
Bd. of Athletics  
Bd. of Barbers/Cosmetologists  
State Electrical Bd.  
Bd. of Outfitters  
Bd. of Professional Eng. & Land Surv.  
Bd. of Public Accountants  
Bd. of Realty Regulation  
Bd. of Real Estate Appraisers  
Bd. of Sanitarians  
Bd. of Private Security Patrol Officers  
Bd. of Landscape Architects  
Bd. of Plumbers  
Fire Prevention Installers Licensing  
Boiler, Blaster, Crane Licensing

**Revenues and Expenses**

The revenue objective of the BSD Administration fund is to assess the common costs of operations to the state special revenue accounts on an equitable basis, while attempting to maintain a reasonable working capital reserve.

**Rate Explanation**

Recharge rates are allocated to the state special revenue accounts based upon total projected expenditures for the administration function. Each program is assigned a percentage of those costs based on assigned FTE. That percentage is then applied to determine each program's share of the necessary revenues. The legislature defined rates for this fund as the maximum share of overall expenditures a program could be charged. For the 2005 biennium, the legislature approved rates of 48 percent each year.

**Significant Present Law**

DP 17 - BSD Administration - The department has created the Business Standards Division (BSD) with four bureaus to manage the reorganization adopted last session in SB 445. This adjustment finalizes establishment of the BSD internal service fund, including an adjustment for the alternative pay plan.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	113,621	42,242	1,213	157,076	41,790	5,195	160,606	317,682
Operating Expenses	106,530	6,944	0	113,474	6,974	0	113,504	226,978
Grants	1,838,744	1,000,000	0	2,838,744	1,000,000	0	2,838,744	5,677,488
<b>Total Costs</b>	<b>\$2,058,895</b>	<b>\$1,049,186</b>	<b>\$1,213</b>	<b>\$3,109,294</b>	<b>\$1,048,764</b>	<b>\$5,195</b>	<b>\$3,112,854</b>	<b>\$6,222,148</b>
General Fund	24,693	0	(743)	23,950	0	(743)	23,950	47,900
State/Other Special	0	0	743	743	0	743	743	1,486
Federal Special	2,034,202	1,049,186	1,213	3,084,601	1,048,764	5,195	3,088,161	6,172,762
<b>Total Funds</b>	<b>\$2,058,895</b>	<b>\$1,049,186</b>	<b>\$1,213</b>	<b>\$3,109,294</b>	<b>\$1,048,764</b>	<b>\$5,195</b>	<b>\$3,112,854</b>	<b>\$6,222,148</b>

### Program Description

The Office of Community Services (OCS) provides administration of federal Corporation for National Service programs (AmeriCorps and Campus Corps), community service, and volunteer efforts statewide, including the Volunteer Montana program.

### Program Narrative

Office of Community Service Major Budget Highlights	
<ul style="list-style-type: none"> <li>o No major changes to historical or current operations</li> <li>o Funding increases primarily due to anticipated increase in federal grant availability</li> </ul>	

### Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

Program Funding Table Office Of Community Service							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 24,693	1.2%	\$ 23,950	0.8%	\$ 23,950	0.8%	
02258 Employment Security Account	-	-	743	0.0%	743	0.0%	
03322 Mt Community Service Fsr	2,034,202	98.8%	3,084,601	99.2%	3,088,161	99.2%	
Grand Total	<u>\$ 2,058,895</u>	<u>100.0%</u>	<u>\$ 3,109,294</u>	<u>100.0%</u>	<u>\$ 3,112,854</u>	<u>100.0%</u>	

Federal funds provide over 99 percent of the funding for the program with the remainder provided by general fund and state special revenue, which is used to provide a portion of the state match for the program administration grant. The remainder of the state match is provided through donations and in-kind donations.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					48,736					48,265
Vacancy Savings					(6,494)					(6,475)
Inflation/Deflation					(211)					(137)
Fixed Costs					3,510					3,481
<b>Total Statewide Present Law Adjustments</b>					<b>\$45,541</b>					<b>\$45,134</b>
DP 702 - Grant Funding Increase										
0.00	0	0	0	1,000,000	1,000,000	0.00	0	0	1,000,000	1,000,000
DP 703 - Misc. Expenses Increase										
0.00	0	0	0	3,645	3,645	0.00	0	0	3,630	3,630
<b>Total Other Present Law Adjustments</b>										
<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,003,645</b>	<b>\$1,003,645</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,003,630</b>	<b>\$1,003,630</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,049,186</b>					<b>\$1,048,764</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 702 - Grant Funding Increase - The legislature approved an additional \$1 million in federal special revenue authority each year to accommodate an anticipated increase in federal AmeriCorps program grants. The three new planning grants are projected to be used to develop full-fledged AmeriCorps grant-funded programs with Statewide Headstart, Yellowstone Council on Aging, and Community Connections for Youth through MSU-Billings.

DP 703 - Misc. Expenses Increase - The legislature approved additional federal special revenue authority to accommodate an increase in the agency's indirect cost allocation plan.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
07	0.00	0	0	1,213	1,213	0.00	0	0	5,195	5,195
DP 9006 - OCS Fund Switch										
07	0.00	(743)	743	0	0	0.00	(743)	743	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$743)</b>	<b>\$743</b>	<b>\$1,213</b>	<b>\$1,213*</b>	<b>0.00</b>	<b>(\$743)</b>	<b>\$743</b>	<b>\$5,195</b>	<b>\$5,195*</b>

### New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 9006 - OCS Fund Switch - The legislature replaced \$743 general fund each year in the Office of Community Service with a like amount of state special revenue from the Employment Security Account.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	298,285	3,902	1,517	303,704	2,979	6,494	307,758	611,462
Operating Expenses	121,963	22,595	0	144,558	22,554	0	144,517	289,075
<b>Total Costs</b>	<b>\$420,248</b>	<b>\$26,497</b>	<b>\$1,517</b>	<b>\$448,262</b>	<b>\$25,533</b>	<b>\$6,494</b>	<b>\$452,275</b>	<b>\$900,537</b>
State/Other Special	420,248	26,497	1,517	448,262	25,533	6,494	452,275	900,537
<b>Total Funds</b>	<b>\$420,248</b>	<b>\$26,497</b>	<b>\$1,517</b>	<b>\$448,262</b>	<b>\$25,533</b>	<b>\$6,494</b>	<b>\$452,275</b>	<b>\$900,537</b>

### Program Description

The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes.

### Program Narrative

Workers' Compensation Court Major Budget Highlights	
○ No major changes to historical or current operations	

### Funding

This program is funded entirely with state special revenue (Workers' Compensation Regulation) from assessments on employers, insurers, and the state fund.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				16,492					15,533
Vacancy Savings				(12,590)					(12,554)
Inflation/Deflation				652					674
Fixed Costs				(182)					(828)
<b>Total Statewide Present Law Adjustments</b>				<b>\$4,372</b>					<b>\$2,825</b>
DP 14 - Operating Expenses Increase									
0.00	0	22,125	0	22,125	0.00	0	22,708	0	22,708
<b>Total Other Present Law Adjustments</b>									
0.00	\$0	\$22,125	\$0	\$22,125	0.00	\$0	\$22,708	\$0	\$22,708
<b>Grand Total All Present Law Adjustments</b>				<b>\$26,497</b>					<b>\$25,533</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 14 - Operating Expenses Increase - The legislature approved additional state special revenue authority for the following:

- Increased rent - approximately \$3,000 for the biennium
- Increased costs for anticipated usage of court reporters for the projected maximum number of cases - \$10,000 each year
- Increased travel costs for anticipated staff travel based on projected maximum number of cases. This figure also includes travel costs for the Workers' Compensation Judge and staff attorney to attend judicial training

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan 09	0.00	0	1,517	0	1,517	0.00	0	6,494	0	6,494
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,517</b>	<b>\$0</b>	<b>\$1,517*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$6,494</b>	<b>\$0</b>	<b>\$6,494*</b>

### New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.